

Senate File 486 - Introduced

SENATE FILE 486
BY FEENSTRA

A BILL FOR

1 An Act providing a reduction in the income tax rates for
2 corporations doing business in the state and including
3 retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.33, subsection 1, Code 2011, is
2 amended to read as follows:

3 1. a. A tax is imposed annually upon each corporation doing
4 business in this state, or deriving income from sources within
5 this state, in an amount computed by applying the following
6 rates of taxation to the net income received by the corporation
7 during the income year:

8 ~~a.~~ (1) On the first twenty-five thousand dollars of taxable
9 income, or any part thereof, the rate of ~~six~~ three percent.

10 ~~b.~~ (2) On taxable income between twenty-five thousand
11 dollars and one hundred thousand dollars or any part thereof,
12 the rate of ~~eight~~ four percent.

13 ~~c.~~ (3) On taxable income between one hundred thousand
14 dollars and two hundred fifty thousand dollars or any part
15 thereof, the rate of ~~ten~~ five percent.

16 ~~d.~~ (4) On taxable income of two hundred fifty thousand
17 dollars or more, the rate of ~~twelve~~ six percent.

18 b. "Income from sources within this state" means income from
19 real, tangible, or intangible property located or having a
20 situs in this state.

21 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
22 retroactively to January 1, 2011, for tax years beginning on
23 or after that date.

24 EXPLANATION

25 This bill reduces by half the tax rates imposed on
26 corporations doing business in the state. Currently, there are
27 four corporate income tax brackets. The bill reduces the tax
28 rate for each bracket by half:

29 1. On the first \$25,000 of taxable income, the new rate is
30 3 percent.

31 2. On taxable income between \$25,000 and \$100,000, the new
32 rate is 4 percent.

33 3. On taxable income between \$100,000 and \$250,000, the new
34 rate is 5 percent.

35 4. On taxable income of \$250,000 or more, the new rate is

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1 6 percent.

2 The bill applies retroactively to January 1, 2011, for tax

3 years beginning on or after that date.